

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM – ACGR**  
**ANNUAL CORPORATE GOVERNANCE REPORT**

**GENERAL INSTRUCTIONS**

**(A) Use of Form ACGR**

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

**(B) Preparation of Report**

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

**(C) Signature and Filing of the Report**

- A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.
- B. At least one complete copy of the report filed with the Commission shall be **manually** signed.
- C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.
- D. This report is required to be filed annually together with the company's annual report.


**(D) Filing an Amendment**

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year **2013**
2. Exact Name of Registrant as Specified in its Charter **Calata Corporation**
3. **McArthur Highway, Banga 1<sup>st</sup>, Plaridel, Bulacan** **3004**  
Address of Principal Office Postal Code
4. SEC Identification Number **A19991166** 5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number **005-712-797-000**
7. **(044) 795 - 0136**  
Issuer's Telephone number, including area code
8. **Not applicable**  
Former name or former address, if changed from the last report

## TABLE OF CONTENTS

<b>A. BOARD MATTERS.....</b>	<b>5</b>
1) BOARD OF DIRECTORS	
(a) Composition of the Board.....	5
(b) Corporate Governance Policy/ies.....	5
(c) Review and Approval of Vision and Vision.....	6
(d) Directorship in Other Companies.....	6
(e) Shareholding in the Company.....	7
2) CHAIRMAN AND CEO.....	7
3) PLAN FOR SUCCESSION OF CEO/MANAGING DIRECTOR/PRESIDENT AND TOP KEY POSITIONS	10
4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS.....	10
5) CHANGES IN THE BOARD OF DIRECTORS.....	11
6) ORIENTATION AND EDUCATION PROGRAM.....	20
<b>B. CODE OF BUSINESS CONDUCT &amp; ETHICS.....</b>	<b>21</b>
1) POLICIES.....	21
2) DISSEMINATION OF CODE.....	23
3) COMPLIANCE WITH CODE.....	23
4) RELATED PARTY TRANSACTIONS.....	23
(a) Policies and Procedures.....	23
(b) Conflict of Interest.....	24
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS.....	24
6) ALTERNATIVE DISPUTE RESOLUTION.....	25
<b>C. BOARD MEETINGS &amp; ATTENDANCE.....</b>	<b>25</b>
1) SCHEDULE OF MEETINGS.....	25
2) DETAILS OF ATTENDANCE OF DIRECTORS.....	25
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS.....	25
4) QUORUM REQUIREMENT .....	25
5) ACCESS TO INFORMATION.....	25
6) EXTERNAL ADVICE.....	27
7) CHANGES IN EXISTING POLICIES.....	27
<b>D. REMUNERATION MATTERS.....</b>	<b>28</b>
1) REMUNERATION PROCESS.....	28
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS.....	28
3) AGGREGATE REMUNERATION .....	29
4) STOCK RIGHTS, OPTIONS AND WARRANTS.....	29
5) REMUNERATION OF MANAGEMENT.....	30
<b>E. BOARD COMMITTEES.....</b>	<b>30</b>
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES.....	30
2) COMMITTEE MEMBERS.....	32
3) CHANGES IN COMMITTEE MEMBERS.....	34
4) WORK DONE AND ISSUES ADDRESSED.....	35
5) COMMITTEE PROGRAM.....	36
<b>F. RISK MANAGEMENT SYSTEM.....</b>	<b>37</b>
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM.....	37
2) RISK POLICY.....	37
3) CONTROL SYSTEM.....	39

<b>G. INTERNAL AUDIT AND CONTROL</b> .....	41
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	41
2) INTERNAL AUDIT	
(a) Role, Scope and Internal Audit Function.....	42
(b) Appointment/Removal of Internal Auditor.....	42
(c) Reporting Relationship with the Audit Committee.....	43
(d) Resignation, Re-assignment and Reasons.....	43
(e) Progress against Plans, Issues, Findings and Examination Trends.....	43
(f) Audit Control Policies and Procedures.....	43
(g) Mechanisms and Safeguards.....	44
<b>H. ROLE OF STAKEHOLDERS</b> .....	44
<b>I. DISCLOSURE AND TRANSPARENCY</b> .....	46
<b>J. RIGHTS OF STOCKHOLDERS</b> .....	47
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS.....	47
2) TREATMENT OF MINORITY STOCKHOLDERS.....	53
<b>K. INVESTORS RELATIONS PROGRAM</b> .....	54
<b>L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES</b> .....	55
<b>M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL</b> .....	56
<b>N. INTERNAL BREACHES AND SANCTIONS</b> .....	56

## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
Joseph H. Calata	ED			1999	August 31, 2012	ASM*	13 yrs
Benison Paul B. De Torres	ED	Joseph H. Calata		Nov 25, 2011	August 31, 2012	ASM*	1yr & 5 mos
Conrado C. Zablan	ID	Joseph H. Calata	Benison Paul B. De Torres	Aug 31, 2012	August 31, 2012; 9 mos	ASM*	9 mos
Salcedo T. Foronda Sr.	NED	Joseph H. Calata		Dec 28, 2012	Dec 28, 2012	Dec 28, 2012	5 mos
Jose Marie E. Fabella	ED	Joseph H. Calata		Dec 28, 2012	Dec 28, 2012	Dec 28, 2012	5 mos
Ferdinand Q. Perez	ID	Joseph H. Calata	Benison Paul B. De Torres	Mar 27, 2013	Mar 27, 2013; 2mos	Mar 27, 2013	2 mos
Edgardo S. Pagulayan	ED	Joseph H. Calata		Mar 27, 2013	Mar 27, 2013	Mar 27, 2013	2 mos

\*Annual Stockholders' Meeting held on August 31, 2012

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

#### Treatment of all shareholders

Pursuant to Article 6 of Calata's Code of Corporate Governance, it is the Company's policy to treat all stockholders equally and without discrimination. It shall also respect their rights as provided for in the Corporation Code namely: (i) right to vote on all matters that require their consent or approval; (ii) pre-emptive right to all stock issuances of the corporation; (iii) right to inspect corporate books and records; (iv) right to information; (v) right to dividends; and (vi) appraisal right. It shall also promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

<sup>1</sup> Reckoned from the election immediately following January 2, 2012.

The company has only one class of shares and each share entitles the holder to one vote that may be exercised in person or by proxy at an Annual/Special Stockholders' Meeting. The shareholder has the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

**Respect for the rights of minority shareholders and of other stakeholders**

As a policy, the minority stockholders are given the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

**Disclosure duties**

The Company believes that the essence of corporate governance is transparency. It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. (Article 8 of Calata's Code of Corporate Governance)

The Company, through its Compliance Officer, fully discloses all required information through the submissions and filings made to the Philippine Stock Exchange and the Securities and Exchange Commission.

**Board Responsibilities**

It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

It shall also formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance. (Article 3 (F) Calata's Code of Corporate Governance)

(c) How often does the Board review and approve the vision and mission?

The Company's vision and mission is reviewed and approved as often as required.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>2</sup>

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Joseph H. Calata	Agri Phil Corporation	Executive / Chairman
Benison Paul B. De Torres	Agri Phil Corporation	Executive / Treasurer

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

<sup>2</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
None of the Directors are Directors in other publicly-listed companies		

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Melvin H. Calata	Joseph H. Calata	Subsidiary Agri Phil Corporation's Directors Mr. Melvin H. Calata and Ms. Jennibel Calata are siblings of Calata Corporation's Chairman/CEO, Mr. Joseph H. Calata
Jennibel H. Calata	Joseph H. Calata	

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

Director	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	The CEO and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other (Article 3 (B) Calata Code of Corporate Governance)	Maximum of four or lower board seats in other publicly listed companies
<b>Non-Executive Director</b>		
<b>CEO</b>		

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)*	% of Capital Stock*
Joseph H. Calata	-	217,699,994 PCD Nominee – PCIB Securities, Inc.	60.453%
Salcedo T. Foronda, Sr	-	1 PCD Nominee – Unicapital Securities, Inc.	0.000%
Jose Marie E. Fabella	-	1 PCD Nominee – Unicapital Securities, Inc.	0.000%
Ferdinand Q. Perez	-	1 PCD Nominee – Unicapital Securities, Inc.	0.000%
Conrado C. Zablan	-	1 PCD Nominee – Unicapital Securities, Inc.	0.000%

Edgardo S. Pagulayan	-	1 PCD Nominee – Unicapital Securities, Inc.	0.000%
Benison Paul B. De Torres	-	1 PCD Nominee – Unicapital Securities, Inc.	0.000%
<b>TOTAL</b>			<b>60.453%</b>

\*Public Ownership Report Mar 31, 2013

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes  No

Identify the Chair and CEO:

Chairman of the Board	Joseph H. Calata
CEO/President	Joseph H. Calata

Pursuant to Calata Code of Corporate Governance, the functions of the Chair and the CEO are clearly delineated but since the positions are occupied by the same person, the Board shall lay down proper checks and balances to ensure that the Board gets the benefit of independent perspective by submitting proposals, plans of action and initiatives of the Chairman and the CEO subject to the approval of the Board as may be deemed necessary.

- (b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	Foster long-term growth	Manage company operations
Accountabilities	Duties and responsibilities: (i) Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary; (ii) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and (iii) Maintain qualitative and timely lines of communication and information between the Board and Management.	Amended By-Laws 10.17.2011 Art IV, Sec 2. Functions of the CEO: a) To preside at the meetings of the Board of Directors and of the stockholders in the absence of the Chairman of the Board of Directors; b) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation; c) To have general supervision and management of the business affairs and property of the Corporation; d) To ensure that the administrative and



		<p>operational policies of the corporation are carried out under his supervision and control;</p> <ul style="list-style-type: none"> <li>e) Subject to guidelines prescribed by law, to appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries;</li> <li>f) To oversee the preparation of the budgets and the statement of accounts of the corporation;</li> <li>g) To prepare such statements and reports of the corporation as may be required of him by law;</li> <li>h) To represent the corporation at all functions and proceedings;</li> <li>i) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interests of the corporation which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors;</li> <li>j) To make reports to the Board of Directors and stockholders;</li> <li>k) To sign certificates of stock; and</li> </ul> <p>To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.</p>
<p>Deliverables</p>	<p>Meeting agenda prepared by the Corporate Secretary</p> <p>Submits recommendations regarding the business of the Corporation</p> <p>Casts the deciding vote in case of a tie in the Stockholders or in the Board of Directors' meetings</p>	<p>Submits and recommends for Board approval:</p> <ul style="list-style-type: none"> <li>-short and long range plans for the Corporation</li> <li>-Balance Sheet, Profit and Loss Statement, Budget of administration expenses and</li> <li>-Annual Report on the operation and condition of the Corporation</li> </ul> <p>Executes all resolutions of the stockholders and the Board of Directors</p>

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

To ensure that successors can add value and contribute in the formulation of sound corporate strategies and policies, the Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board and other appointments including CEO/President and the top key management positions. Only those competent, professional, honest and highly-motivated management officers are appointed.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. Among the qualifications of Directors as stated in Calata’s Code of Corporate Governance are practical understanding of the business of the corporation and membership in good standing in relevant industry, business or professional organizations and previous business experience.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

Yes. It is the policy of the Company that the membership of the Board be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. It is also a duty/responsibility of a director to be kept abreast with industry developments and business trends in order to promote the corporation’s competitiveness.(Article 3 (A) of Calata Code of Corporate Governance).

It is worthy to note that Director Salcedo Foronda Sr., a non-executive director not only has a degree of Bachelor of Science in Agriculture but has been an awardee of numerous agri-related endeavor and is a practicing farmer himself.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	Represent the management	Represent major shareholder’s interests	Provide neutral observation
<b>Accountabilities</b>	Accountable for the corporation’s organizational and operational controls  Actively manages and operates the corporation in a sound and prudent manner	Ensure that the corporation is properly and effectively managed and supervised	Remain independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director
<b>Deliverables</b>	Submits and recommends for Board approval: -business plans -operating budgets -Balance Sheet, Profit	Establish programs that can sustain the company’s long-term viability and strength.  Establish and maintain	Independent directors should always attend board meetings to promote transparency.

	and Loss Statement, expenses -Annual Report on the operation and condition of the Corporation  Executes all resolutions of the stockholders and the Board of directors	an investor relations program that will keep the stockholders informed of important developments on the corporation. (Art 3 (F) of Calata Code of Corporate Governance)	
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence may be taken in the context of Art 1 (e) of Calata's Code of Corporate Governance which defines **Independent director as** a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

Pursuant to the applicable rules and regulations of the SEC, independent directors are nominated and elected in the Annual Stockholders' Meeting.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

No. the independent director can still serve for five additional years.

The Company adheres to SEC Memorandum Circular 9, Series of 2011 on the Term Limits of Independent Directors (ID) effective January 2, 2012 which among others provides:

- IDs can serve as such for five (5) consecutive years, provided that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the ID position was relinquished or terminated.
- After completion of the five-year service period, and ID shall be ineligible for election as such in the same company unless the ID has undergone a "cooling off" period of two (2) years, provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company.
- An ID re-elected as such in the same company after the "cooling off" period can serve for another five (5) consecutive years.
- After serving as ID for ten (10) years, the ID shall be perpetually barred from being elected as such in the same company, without prejudice to being elected as ID in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in this Circular

## 5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

### (a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Jaime Laya	Director	December 12, 2012	Schedule
Baltazar Endriga	Director	December 28, 2012	Appointment as an Officer of a GOCC
Jose A. Zaide	Director	March 27, 2013	Prior out of the country commitments
George A. Nava	Independent Director	March 27, 2013	Prior out of the country commitments

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	<p>Nomination and Election Rules</p> <ol style="list-style-type: none"> <li>1. The Board thru its Nomination Committee pre-screens that qualifications of all nominees to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission</li> <li>2. Nominations for directors shall be made in writing and shall be delivered or mailed to the Chairman of the Board at the principal office of the Corporation, with the written consent of the nominees, at least sixty (60) days before the scheduled date of the annual stockholders' meeting. The Chairman of the Board shall forward or refer such nominations to the Nomination Committee</li> <li>3. Evaluation of Qualifications of Candidates before the Annual Stockholder's Meeting - the Committee shall convene for the purpose of evaluating the qualifications of the nominees for directors of the Corporation. The Committee shall thereafter prepare the final list of qualified candidates. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual Annual Stockholders' Meeting.</li> <li>4. The election of directors shall be by show of hands. Cumulative voting shall be allowed and each shareholder shall have the right to vote in person or by proxy the number</li> </ol>	<p>Under the Corporation Code of the Philippines, Directors sitting on the Board:</p> <ol style="list-style-type: none"> <li>1. must own at least one (1) share of the outstanding capital stock of the Corporation which share shall stand in his name in the books of the Corporation</li> <li>2. Majority of directors must be residents of the Philippines.</li> </ol> <p>Under Art. 3 (D) of Calata's Code of Corporate Governance, the qualifications of Directors are:</p> <ol style="list-style-type: none"> <li>i) College education or equivalent academic degree</li> <li>ii) Practical understanding of the business of the corporation</li> <li>iii) Membership in good standing in relevant industry, business or professional organizations; and</li> <li>iv) Previous business experience</li> </ol>

	<p>of shares standing in his name at record date. He may also vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares own by him as shown in the books of the Corporation multiplied by the total number of directors to be elected. Provided further, that no delinquent stock shall be voted. Candidates receiving the highest number of votes shall be declared elected.</p> <p>5. "At the organizational meeting of the Board of Directors, the Board shall elect the President from among the members of the Board."</p>	
(ii) Non-Executive Directors	(Same process adopted above for Executive Directors)	(Same criteria provided above)
(iii) Independent Directors	<p>Nomination of independent director/s shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.</p> <p>It shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.</p> <p>After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent</p>	<p>Under SEC Memorandum Circular No. 16 Series of 2002, an independent director shall have the following qualifications:</p> <ol style="list-style-type: none"> <li>1. He shall have at least one (1) share of stock of the corporation;</li> <li>2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;</li> <li>3. He shall possess integrity/probity; and</li> <li>4. He shall be assiduous.</li> </ol> <p>A candidate for independent director must be independent of</p>

	<p>directors, as required under Part IV(A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with SRC Rule 17.1(b) or SRC Rule 20, respectively, or in such other reports the company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting. (SEC Memorandum Circular No. 16 Series of 2002)</p>	<p>the Corporation's management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation.</p>
<b>b. Re-appointment</b>		
(i) Executive Directors	The process for initial selection or appointment is likewise adopted for re-appointments	Performances of Executive Directors may be evaluated by the Nomination and Compensation Committee before renewal as may be deemed necessary.
(ii) Non-Executive Directors	The process for initial selection or appointment is likewise adopted for re-appointments	The same criteria mentioned above for selection/ appointment is likewise observed for re-election of directors.
(iii) Independent Directors	The process for initial selection or appointment is likewise adopted for re-appointments	If the Independent Director already completed the five-year service period, he shall be ineligible for election as such in the same company unless he has undergone a "cooling off" period of two (2) years. After the "cooling off" period, the Independent Director can serve for another five (5) consecutive years.
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	The Nomination Committee reviews and evaluates the qualifications of all persons	Article 3 (E) (1) of Calata Code of Corporate Governance Permanent Disqualification of Directors

	<p>nominated to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission</p>	<p>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any</p>
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		<p>registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(iv) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</p> <p>(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p>
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		<p>(vi) Any person judicially declared as insolvent;</p> <p>(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) above;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors	(Same process adopted above for Executive Directors)	(Same criteria for permanent disqualifications, as stated above for Executive Directors)
(iii) Independent Directors	(Same process adopted above for Executive Directors)	<p>(Same criteria for permanent disqualifications, as stated above for Executive Directors)</p> <p>Under SEC Memorandum Circular No. 16 Series of 2002, an Independent Directors shall be disqualified during his tenure under the following instances or causes:</p> <p>(i) He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter (A) hereof;</p> <p>(ii) His beneficial security ownership exceeds 10% of the outstanding capital stock of the company where he is such director;</p> <p>(iii) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family.</p> <p>(iv) Such other disqualifications</p>

		<p>which the company's Manual on Corporate Governance provides.</p> <p>A securities broker-dealer is likewise disqualified from sitting as an independent director of listed companies and registered issuers of securities.</p>
<b>d. Temporary Disqualification</b>		
<p>(i) Executive Directors</p>	<p>The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission</p>	<p>Article 3 (E) (2) of Calata Code of Corporate Governance Temporary Disqualification of Directors:</p> <p>(i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists.</p> <p>(ii) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election.</p> <p>(iii) Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination.</p> <p>(iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.</p> <p>(v) If any of the judgments or orders cited in the grounds for permanent</p>

		<p>disqualification has not yet become final.</p> <p>A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
(ii) Non-Executive Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
(iii) Independent Directors		
<b>e. Removal</b>		
(i) Executive Directors	The Nomination Committee reviews and evaluates the qualifications of all persons nominated to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission	<p>Art 11 (c) of Calata Code of Corporate Governance states:  “Without prejudice to other grounds for removal as may be provided by law or existing rules and regulations, for a third violation, the maximum penalty or removal from office shall be imposed. The commission of third violation of this Manual by any member of the Board or its subsidiaries and affiliates shall be a sufficient cause for removal from directorships.”</p> <p>He possesses any of the criteria enumerated for permanent disqualifications, as stated above.</p>
(ii) Non-Executive Directors	(same process as stated above is adopted)	He possesses any of the criteria enumerated for permanent disqualifications, as stated above.
(iii) Independent Directors	(same process as stated above is adopted)	He possesses any of the criteria enumerated for permanent disqualifications, as stated above.
<b>f. Re-instatement</b>		
(i) Executive Directors	(Same process as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the election/ appointment and re-election of both regular and independent directors is adopted.)
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors	(Same process is used as stated above in the election/appointment and re-election of both regular and independent directors is adopted.)	Art 11 (b) of Calata Code of Corporate Governance states: “Suspension from office shall be imposed in the case of a second violation of the Calata’s Manual
(ii) Non-Executive Directors		
(iii) Independent Directors		

		<p>on Corporate Governance. The duration of the suspension shall depend on the gravity of the violation.”</p> <p>(Same criteria is used as stated above in the election/ appointment and re-election of both regular and independent directors is adopted.)</p>
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Voting Result of the last Annual Stockholders’ Meeting held on August 31, 2012

Name of Director	Votes Received
Joseph H. Calata	254,155,394
Benison Paul B. De Torres	254,155,394
Jaime C. Laya	254,155,394
Baltazar N. Endriga	254,155,394
Jose A. Zaide	254,155,394
George A. Nava	254,155,394
Conrado C. Zablan	254,155,394

6) Orientation and Education Program

- (a) Disclose details of the company’s orientation program for new directors, if any.

The Company is still in the process of formally establishing a formal board and directors program however, new directors are provided with reference reading materials to assist them in understanding better the business and operations of the Company. Among the reading materials provided are: (1) Audited Financial Statements, (2) SEC Form 20-IS- Information Statement/ Annual Report, (3) Revised Manual of Corporate Governance, (4) Amended Articles of Incorporation, (5) Amended By-laws, (6) Code of Ethics and Code of Conduct, (7) Definitive Information Statement, (8) Board Committee Charters, (9) Minutes of Annual Stockholders’ Meeting, (10) Other relevant write-ups, references or other industry reports.

- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>3</sup> for the past three (3) years:

It is the policy of the Company to have Senior Management undergo immersion to the business and attend seminars related to the agriculture industry. Directors are invited and encouraged to attend as well.

- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
No program, seminar or roundtable attended during the year			

<sup>3</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

## B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position.</p> <p>A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation. (Art 3 (G) of Calata Code of Corporate Governance)</p>	<p>If an actual or potential conflict of interest may arise on the part of Senior Management and Employees, he should fully and immediately disclose it. A Senior Management and Employees who has a continuing material conflict of interest should seriously consider resigning from his position.</p>	
(b) Conduct of Business and Fair Dealings	<p>The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. (Art 3 (G) of Calata Code of Corporate Governance)</p>	<p>The basic principle to be observed is that senior management or employees should not use their position to profit or gain some benefit or advantage for themselves and/or their related interests.</p>	
(c) Receipt of gifts from third parties	<p>Everybody is enjoined to avoid the receipt from and giving of gifts of unusually high value to persons or entities with whom the company relates.</p>		
(d) Compliance with Laws & Regulations	<p>A director must Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. (Art 3 (G) of Calata Code of Corporate Governance)</p> <p>The Board shall ensure:</p> <ol style="list-style-type: none"> <li>1. corporation's faithful compliance with all applicable laws, regulations and best business practice; and</li> <li>2. Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations. (Art 3 (F) of Calata Code of Corporate Governance)</li> </ol>	<p>Directors, officers and employees shall uphold right conduct and shall personally adhere to the norms and restrictions imposed by applicable laws, rules and regulations. They shall not accept demands brought on by prevailing business conditions or perceived pressures as excuses to violate any law, rule or regulation.</p>	
(e) Respect for Trade Secrets/Use of Non-public Information	<p>A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board. (Art 3 (G) of Calata Code of</p>	<p>Directors, Officers and employees shall maintain and safeguard the confidentiality of information entrusted by the Company, customers, business partners or such other parties</p>	

	Corporate Governance)	with whom the Company relates, except when disclosure is authorized or legally mandated. They should not trade the company's securities using price sensitive information that is not normally available publicly, and obtained by reason of position, contact within, or other relationship with the Company.
(f) Use of Company Funds, Assets and Information	Directors, Officers and Employees shall use company property and resources including company time, supplies and software, efficiently, responsibly and only for legitimate business purposes only. They shall safeguard company assets from loss, damage, misuse or theft and shall respect intellectual property rights.	
(g) Employment & Labor Laws & Policies	<p>It is the Board's oversight responsibility to review the corporation's human resource policies, compensation program for employees and management succession plan (Art 3 (H) of Calata Code of Corporate Governance)</p> <p>A director must Have a working knowledge of the statutory and regulatory requirements that affect the corporation. and, where applicable, the requirements of relevant regulatory agencies. (Art 3 (G) of Calata Code of Corporate Governance)</p>	The Company has a Code of Conduct Policy Manual which provides for employee rights, obligations and sets policies on employee-related matters to ensure uniformity and consistency in the interpretation and implementation of Human Resources Policies and Programs, which are consistent with and in accordance with relevant provisions of the Labor Code.
(h) Disciplinary action	The Compliance Officer shall report and recommend the imposition of appropriate disciplinary action on violations of any rules and regulations of regulatory agencies. (Art 3 (M) of Calata Code of Corporate Governance)	Any officer or employee who commits a violation of the law and the rules and regulations of the Company shall be subject to disciplinary action (including termination), without prejudice to any civil or criminal proceedings that the Company or regulators may file for violation of existing law.
(i) Whistle Blower	Illegal or unethical behavior by a colleague or co-employee, regardless of his or her level of authority, should not be condoned. It is the responsibility of each employee to report legitimate concerns so that problems can be properly resolved and corrective measures instituted. An officer or employee or employee who becomes aware of any violation of law or company rules and regulations should immediately notify his Department / Division Head. The Division / Department Head shall in turn immediately inform the Human Resources Department (HRD). HRD shall conduct or manage the necessary actions or investigation of any reported violations of this Code. In case Senior Management or any Board Member is involved, the same shall be referred to Audit Committee.	
(j) Conflict Resolution	A director should view each problem or situation objectively. If a disagreement with other directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollarily, he should support plans and ideas that he thinks are beneficial to the corporation. (Art 3 (G) of Calata Code of Corporate	The Audit Committee will handle resolution of reported illegal or unethical behavior in the work place involving Senior Management or any Board Member. The Audit Committee may ask assistance from Internal Audit and Human Resources

	<p>Governance)</p> <p>The Board shall maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities. (Art 3 (F) of Calata Code of Corporate Governance)</p>	<p>Department (HRD) to conduct investigation of subject illegal acts or activities to further support subject reports and findings.</p>
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2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes, upon joining the company.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

A copy of the Code of Conduct Policy Manual is available to all Directors, Senior Management and Employees for strict compliance. It is the responsibility of each employee to report legitimate concerns so that problems can be properly resolved and corrective measures instituted. An officer or employee who becomes aware of any violation of this Code should immediately notify his Department/Division Head. The Department/Division Head shall in turn immediately inform the HRD. The Company's HRD shall conduct or manage the necessary actions or investigation of any reported violations of this Code. In case Senior Management or any Board Member is involved, the same should be referred to the Audit Committee.

Generally, the HRD shall be responsible for Company-wide implementation and monitoring of compliance with this Code.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p>Overlapping interests in the company shall be disclosed to the Board and any material transaction involving such interests shall be similarly disclosed. Related party transactions shall be disclosed fully to the Board. Prior board approval shall be obtained for related party transactions as may be deemed necessary.</p> <p>Related party transactions shall be conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of the Corporation, its stockholders, creditors and the public.</p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

		Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None	
Name of Officer/s		
Name of Significant Shareholders		

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	In compliance with disclosure requirements of related accounting standards and the Securities Regulation Code reporting requirements, we promptly and properly disclose to the public all material information, including all related party transactions through detailed disclosures provided in the related Notes to financial statements, SEC Form 17- A, Annual Report and SEC's Form 20-IS, Definitive Information Statement.
Group	

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,<sup>4</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
There is nothing to report		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
There is nothing to report		

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
The Corporation is not aware of any person holding more than 5% of the shares of the Corporation under a voting trust or similar agreement which may result in a change in control of the Corporation.		

6) Alternative Dispute Resolution

<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.



Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

<b>Alternative Dispute Resolution System</b>	
<b>Corporation &amp; Stockholders</b>	The Board of Directors shall establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities. (Art. 3 (F) Calata Code of Corporate Governance)
<b>Corporation &amp; Third Parties</b>	
<b>Corporation &amp; Regulatory Authorities</b>	

### C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

During the annual organizational meeting held right after the annual stockholders' meeting, schedule of board meetings are set.

- 2) Attendance of Directors (from the time the company conducted its Initial Public Offering on 23 May 2012 up to 28 January 2013:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Joseph H. Calata	1999	5	3	60
Member	Benison Paul B. De Torres	Nov 25, 2011	5	4	80
Member	Salcedo T. Foronda Sr.	Dec 28, 2012	1	1	100
Member	Jose Marie E. Fabella	Dec 28, 2012	1	1	100
Member	Edgardo S. Pagulayan	Mar 27, 2013			
Independent	Conrado C. Zablan	Aug 31, 2012	2	2	100
Independent	Ferdinand Q. Perez	Mar 27, 2013			

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

No.

- 4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

Under Art III, Sec 7 of the Company's amended By-Laws, a majority of number of directors as fixed in the Articles of Incorporation, shall constitute a quorum for the transaction of corporate business, and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board.

- 5) Access to Information

- (a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board?

<sup>5</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

To enable the members of the Board to properly fulfill their duties and responsibilities, Management should provide them with complete, adequate and timely information about the matters to be taken in their meetings. (Art. 4 of Calata Code or Corporate Governance)

Notice of the meeting, agenda and reference materials, presentations and other related reports are required to be sent to the members of the Board of Directors within a reasonable time prior to the date of the meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes. The members of the Board shall be given independent access to Management and the Corporate Secretary. (Art. 4 of Calata Code or Corporate Governance)

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Yes. Under Art. 3 (L) of Calata Code of Corporate Governance, the Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He should –

- (i) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;
- (ii) Be loyal to the mission, vision and objectives of the corporation;
- (iii) Work fairly and objectively with the Board, Management and stockholders;
- (iv) Work fairly and objectively with the Board, Management and stockholders;
- (v) Have appropriate administrative and interpersonal skills;
- (vi) If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- (vii) Have a working knowledge of the operations of the corporation;
- (viii) Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- (ix) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- (x) Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- (xi) If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

Under the Company's Amended By-Laws dated August 17, 2011, the Corporate Secretary shall be the custodian of and shall maintain the corporate books and record and shall be recorder of the corporation's formal actions and transactions.

He shall also have the following specific powers and duties:

1. To record or see to the proper recording of the minutes and transactions of all meetings of the directors and the stockholders and to maintain minute books of such meetings in the form and manner required by law;
2. To keep or cause to be kept record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribed, issued and transferred;
3. To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;
4. To attend to the giving and serving of all notices of the corporation required by law or these By-laws to be given;
5. To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as may be required of him by law or by government rules and regulations;
6. To act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and determine

all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote. The Secretary may assign the exercise or performance of any or all of the foregoing duties, powers and functions to any other person or persons, subject to his supervision and control; and

7. To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. The Corporate Secretary has been in the practice of law since 2005 and is currently Corporate Secretary and Legal Counsel to various publicly listed companies.

- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes  No

Committee	Details of the procedures
Executive	Notice of the meeting and related Agenda and presentation materials (if any), are sent within a reasonable time before the scheduled meeting date or earlier per request by a board member to the Corporate Secretary.
Audit	
Nomination	
Remuneration	
Others (specify)	

- 6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
Legal advice/opinion	Refer to the Corporate Secretary or legal counsel for advice and guidance on possible legality or implications.
Independent opinion on financial matters and related regulatory concerns.	Refer to the external auditors for proper guidance on the correct accounting treatment and other financial statement disclosure requirements.

- 7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
No changes in existing policies		

## D. REMUNERATION MATTERS

- 1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Salary adjustments based on performance and changes in responsibilities and authorities are per recommendation and approval of the Compensation/ Remuneration Committee.	
(2) Variable remuneration	None	
(3) Per diem allowance	None	
(4) Bonus	Board approved bonus	
(5) Stock Options and other financial instruments	This has been Board approved and ratified by the stockholders last August 31, 2012. However, the specific terms and conditions are still in the process of being formalized.	
(6) Others (specify)	None	

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Follows Company's salary structure and benefit package and Board-approved rate/package.	Compensation / salary package is composed of basic monthly pay plus number of bonus months as approved by the Board.	Basic monthly salary is multiplied by the number of bonus months then divided by (Divisor) 261 days for daily rate factor, which is used in computing other benefits (e.g. sick leave, vacation leave, etc.)
Non-Executive Directors	<p>Under Art III Sec 9 of the Company's amended By-Laws, By resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board of Directors. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.</p> <p>As of date, the directors have yet to pass a resolution fixing their per diem.</p> <p>There are no other arrangements for compensation either by way of payments for committee participation or special assignments.</p>		

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
No change from the policy and scheme mentioned above and the same have been approved during the annual stockholders' meeting.	

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	-	-	-
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	P 5,000.00 per meeting		
(d) Bonuses	-	-	-
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Specify)			
<b>Total</b>			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	-	-	-
2) Credit granted	-	-	-
3) Pension Plan/s Contributions	-	-	-
(d) Pension Plans, Obligations incurred	-	-	-
(e) Life Insurance Premium	-	-	-
(f) Hospitalization Plan	-	-	-
(g) Car Plan	-	-	-
(h) Others (Specify)			
<b>Total</b>			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
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Warrants
On July 19, 2012, the Board approved and the stockholders ratified on August 31, 2012, the issuance of a stock option plan covering Fifty Million Common Shares. As of date, the Board is still in the process of determining the terms and conditions of the approved Stock Option Plan of the Company

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
No amendment or discontinuance of any incentive program was introduced.		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Arnold Pajarillo/Sales Manager for Feeds	1,911,000.00
Vergel Formaran/Sales Manager for Chemical, Seeds & Fertilizers	
Janet H. Santos/Principal Accounting Officer*	

\*There are only 3 members of management who are not at the same time executive directors

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	2		1	Committee Charter still to be formalized	The Executive Committee can serve as an advisor to the Chief Executive Officer and a liaison between the CEO and the full board.	To meet and take action between board meetings when it is not necessary to get the full board together for a board meeting.	The Executive Committee may act by majority of all its members, on such specific matters within the competence of, and as may be delegated by the Board of Directors.
Audit	1	1	1	Committee Charter still to be formalized	The Audit Committee provides an oversight of	The Audit Committee is responsible for the setting up of an	It has the authority to: (1) Recommend the appointment and compensation

					financial management functions, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks and is primarily responsible for monitoring the statutory requirements of the Company.	internal audit department and for the appointment of an internal auditor, as well as an independent external auditor. It monitors and evaluates the adequacy and effectiveness of the Company's internal control systems. It ensures that the Board is taking appropriate corrective action in addressing control and compliance functions with regulatory agencies. It also ensures the Company's adherence to corporate principles, best practices and compliance with the Manual on Corporate Governance.	of the independent external auditor; (2) Resolve any disagreements between management & the auditor regarding financial reporting; (3) Recommend approval of all auditing and audit- related services; (4) Conduct or authorized investigations into any matters within its scope of responsibility; (5) Retain independent counsel, accountants, or others to advise the Committee; (6) Seek any information it requires from Company Officers and employees; (7) Meet with company officers, external auditors or outside counsel as necessary.
Nomination	2		1	Committee Charter still to be formalized	Reviews and evaluates the qualifications of all persons nominated to positions requiring appointment by the Board and provides assessment on the Board's effectiveness in directing the process of renewing and replacing Board members.	Pre-screens qualifications of all nominees to the Board of Directors.	Shall have the exclusive power to enforce and administer the Nomination and Election Rules of the Company.
Remuneration	2		1	Committee Charter still to be formalized	Provides oversight over remuneration of senior management and other key personnel.	The Compensation Committee is primarily responsible for establishing a formal and transparent procedure for developing a policy	Make recommendations to the Board on matters pertaining to remuneration and compensation packages of corporate officers and directors, after

						on executive remuneration and for fixing the remuneration packages of corporate officers who are receiving compensation from the Group. It is responsible for providing an oversight of remuneration of senior management and other key personnel and ensuring that compensation is consistent with the Group's culture, strategy and control environment.	conducting review and evaluation.
Others (specify)							

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Joseph H. Calata	Nov 25, 2011	2	2	100	1 yr & 7mos
Member (ED)	Benison Paul B. De Torres	Nov 25, 2011	2	2	100	1 yr & 7 mos
Member (NED)						
Member (ID)	Ferdinand Q. Perez	Mar 27, 2013	N.A.	N.A.	N.A.	3 mos
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ferdinand Q. Perez	Mar 27, 2013	N.A.	N.A.	N.A.	3 mos
Member (ED)						
Member (NED)	Salcedo T. Foronda, Sr	Jan 28, 2013	1	1	100	5 mos
Member (ID)	Conrado C. Zablan	Jan 28, 2013	1	1	100	5 mos
Member						

Disclose the profile or qualifications of the Audit Committee members.

**ATTY. FERDINAND Q. PEREZ, 35, Filipino.** Atty. Perez is an Independent Director of Calata Corporation. He was



appointed as Member of the Board of Directors last March 27, 2013 up to present. He shall serve as a member of the Board of Directors until August 31, 2013 and until his successor is elected and qualified.

Atty. Perez is a practicing CPA lawyer. He graduated with a degree of Bachelor of Laws from San Beda College – Mendiola, Manila (199-2003) and Bachelor of Science in Accountancy from San Beda College – Mediola Manila (1994-1998). He is also the managing partner of Perez Law Office. He is a faculty member of the First Asia Institute of Technology & Humanities since 2007. He also taught various business and law subjects at La Consolacion College - Tanauan Batangas (2007 to 2011) and San Beda College, College of Arts & Sciences – Mendiola, Manila (2000-2005). His accounting practice includes: Tax Senior, Punongbayan & Araullo (P& A), 2003 to 2005 (P&A is a now a member firm of Grant Thornton International Ltd); Auditor, Sycip, Gorres, Velayo & Co. (SGV), 1998 to 1999 (SGV & Co. is now a member firm of the Ernst and Young Worldwide.)

**FR. CONDRADO C. ZABLAN, 48, Filipino.** Fr. Zablan is an Independent Director of Calata Corporation. He was elected last August 31, 2012 and shall serve as member of the Board of Directors until August 31, 2013 and until his successor is elected and qualified.

Fr. Zablan finished his undergraduate studies at the University of the East with a course on Civil Engineering in 1985. In 1999, he obtained A.B. Classical Philosophy in the Immaculate Concepcion Major Seminary and likewise earned his M.E. Masteral Degree in Pastoral Ministry. He was ordained as a priest in the year 2000. In 2007, he held the following positions: 1. Procurator – Immaculate Concepcion Major in Seminary; 2. Administrator – St. Joseph Parish, Meycauayan, Bulacan. In 2008, he held the position as Parish Priest at the Stella Maris Parish Church in Pamarawan, Malolos City, Bulacan. From 2011 up to the present, he holds the following positions: 1. Finance Officer , Colegio de San Pascual Baylon, Obando, Bulacan; 2. Member, Audit Team, Commission on Family and Life, Diocese of Malolos; 3. Member, Commission on Temporal Goods, Dioces of Malolos; 4. Member, Commission on Social Security and Welfare of Clergy, Diocese of Malolos; 4. Commission Head, Columbarry, Diocese of Malolos.

**MR. SALCEDO T. FORONDA SR., 61, Filipino.** Mr. Foronda is a Director of Calata Corporation. He was appointed as Member of the Board of Directors last December 28, 2012 up to present. He shall serve as member of the Board of Directors until August 31, 2013 and until his successor is elected and qualified.

Mr. Foronda graduated from Araneta University Foundation with a degree in Bachelor of Science in Agriculture. Mr. Foronda is a known farmers organization leader in Cagayan Valley, farmers cooperative organizer, board member of numerous farmers cooperative in Isabela. An Awardee of numerous Agri-related endeavors. He is a practicing farmer well loved by fellow farmers in Isabela. His area of expertise includes organization cooperatives. He also served as Chairman of different associations and cooperatives namely: Municipal Agriculture and Fishery Council (1985-1997), Municipal Cooperative Development Council (1989) and Isabela Seed Growers Multipurpose Cooperative, Inc. (1993). He also entered in public service by serving a two terms as Councilor of Cauayan City (1989-97) and as public servant in the local government of Cauayan (1995-97). His professional experience includes: Sales agent, Philamlife (1991-2006); Monsanto, *an agricultural company* (1991-1995);Cargill Phil, *an international producer and marketer of food, agricultural, financial and industrial products and services* (1986-1991);Ayala Agri Bayer Phil (1981-1986);Rural Bank Cabanatuan (1973-1981).

Describe the Audit Committee’s responsibility relative to the external auditor.

Pursuant to SEC Memo Circular No. 4 Series of 2012, the Audit Committee shall perform the following oversight functions over the corporation’s external auditors:

1. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.
2. It should ensure that external auditors act independently, and are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
3. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
4. Review the reports submitted by external auditors. Review the quarterly, half-year and annual financial statements before their submission to the Board.
5. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-

audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Ferdinand Q. Perez	Mar 27, 2013	N.A.	N.A.	N.A.	3 mos
Member (ED)	Joseph H. Calata; Edgardo S. Pagulayan	Nov 25, 2011 Mar 27, 2013	1 N.A.	1 N.A.	100 N.A.	1 yr & 7 mos 3 mos
Member (NED)						
Member (ID)						
Member						

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Joseph H. Calata	Nov 25, 2011	1	1	100	1 yr & 7 mos
Member (ED)	Benison Paul B. De Torres	Nov 25, 2011	1	1	100	1 yr & 7 mos
Member (NED)						
Member (ID)	Conrado C. Zablan	Aug 31, 2012	1	1	100	10 mos
Member						

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Not Applicable					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	George A. Nava was replaced by Atty. Ferdinand Perez	Director Nava resigned on Mar 27, 2013
Audit	Jaime C. Laya was replaced by Salcedo Foronda Sr.	Director Laya resigned on Dec 28, 2012
	George A. Nava was replaced by Atty. Ferdinand Perez	Director Nava resigned on Mar 27, 2013
Nomination	George A. Nava was replaced by Atty. Ferdinand Perez	Director Nava resigned on Mar 27, 2013
	Jose A. Zaide was replaced by Edgardo Pagulayan	Director Zaide resigned on Mar 27, 2013

Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Served as an advisor to the Chief Executive Officer and liaison between the CEO and the full board.	Addressed issues that may arise between board meetings when it is not necessary to get the full board together for a board meeting.
Audit	Assisted the Board in fulfilling its oversight responsibilities for financial reporting process, system of internal control, audit process and the company's process for monitoring compliance with laws and regulations and the code of conduct.	<p>Reviewed and discussed quarterly unaudited financial statements, audited annual financial statements including Management's Discussion and analysis of financial condition and results of operations, adequacy of the company's enterprise risk management framework, and the effectiveness of the system for monitoring compliance with laws and regulations.</p> <p>Approved the overall scope and audit plans of Internal and external audits, effectiveness of the internal audit function and recommended for approval the re- appointment of the current external auditors.</p> <p>Performed a self-evaluation of the Committee in terms of expectations set out in the Audit Committee Charter.</p>
Nomination	Reviewed and evaluated the qualifications of all persons nominated to the Board as well as those nominated to other positions requiring the appointment by the Board.	Reviewed the qualifications of all nominees to the Board of directors, taking into consideration the relevant requirements of the Securities and Exchange Commission relative to qualifications and disqualifications of both regular and independent director nominees.
Remuneration	Provided a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration of corporate officers and directors.	Provided oversight over remuneration of senior management and other key personnel.
Others (specify)		

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Formalize a Board Committee Charter	Issues that may arise between board meetings when it is impractical to get the full board together for a special board meeting.
Audit	<p>Sync existing charter with other Board Committee Charter</p> <p>Conduct Board self-evaluation of the company's current and potential state of CG practices using existing CG scorecards and best practice guidelines.</p> <p>Conduct learning sessions for the company- toward improving audit consciousness and compliance awareness throughout the organization.</p>	<p>Audit Committee Charter</p> <p>Review financial reporting process, system of internal control and the company's process for monitoring compliance with laws and regulations and the code of conduct.</p> <p>A more-focused compliance function will ensure that all regulatory requirements are generally complied as well as internal policies and procedures are implemented accordingly.</p> <p>CG practices to evolve from mere compliance to performance improvement and consistent implementation.</p> <p>Better understanding of roles, responsibilities, business policies, processes and procedures as well as laws, rules and good conduct lead to well-informed and more productive work force.</p>
Nomination	<p>Formalize a Board Committee Charter</p> <p>Establish and formalize a succession plan for senior management</p>	<p>Defines the purpose, roles and responsibilities, membership, authority, frequency of meetings and other matters affecting the committee.</p> <p>Ensures all nominees to the Board both regular and independent directors possesses all the qualifications and none of the disqualifications enumerated under the Code of Corporate Governance and related SRC Rule 38-Requirements on Nomination and Election of Independent Directors.</p> <p>Recommend adoption of a formal succession plan for the company.</p>
Remuneration	Provide oversight over remuneration of senior	Review/evaluate existing remuneration policy and procedures

	management and other key personnel.	on executives' compensation and for fixing the remuneration of directors and corporate officers.
Others (specify)		

## F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Board and Management believe that 'risk management' should be an integral part of the planning and operations process of the Company in order to meet corporate goals and objectives.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

None.

(c) Period covered by the review;

2012

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The Board has informal discussions on the risk management system as often as needed.

(e) Where no review was conducted during the year, an explanation why not.

Considering that the Company became a publicly-listed company only on May 23, 2012, the Board intends to make the full and formal review of the risk management at the end of year 2013.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
The Company's business may be affected by any program developed or supported by the Department of Agriculture of the Philippines.	The Company updates itself regularly with the Department of Agriculture's policies or programs developed for the agricultural product industry.	Company to react quickly to government programs relating to agricultural products. It also enables the Company to plan ahead to meet the Department of Agriculture's ongoing or future policies or programs.
The Company's business and operations may be affected by any changes in the preferences or purchasing power of consumers.	The Company, through its comprehensive line of products, provides options and alternatives to its customers, which may attract a loyal following from certain niche markets. Furthermore, the Company participates in the subsidies	For the company to adapt to changes in demographic, social or health proclivity may alter the demand for the Company's products.

	provided by the national government and passes the savings on to its customers and consumers.	
<p>The Company may not efficiently execute its strategy to increase sales volume due to the traditional mindset of the Filipino farmer.</p> <p>Farmers who are used to traditional methods of agriculture may not be susceptible to the innovations the Company's products may bring.</p>	<p>The Company employs innovative marketing and sales activities in order to encourage the use and loyalty of customers. The Company provides information campaigns in the form of trainings and seminars. In addition, the Company provides initiatives such as promos, sampling, and booting. To ensure its continuous growth and strength in sales, the Company intends to hire additional manpower for its sales and marketing team.</p>	<p>The Company intends to grow its sales through expansion of related business activities, additional tie-ups, and aggressive marketing strategies.</p>
<p>Risk of Natural Calamities and Effects of Pestilence</p>	<p>The Company, in partnership with its key suppliers, would distribute new products manufactured through the use of modern technology to withstand if not totally resist the devastating effects forces of nature bring. The Company likewise distributes other agricultural products which are unaffected by natural calamities such as animal feeds for poultry, hogs and ducks.</p> <p>Lastly, to mitigate the effects of pestilence, apart from the distribution of superior quality agricultural products which can help in strengthening the immunity of plants to any damage caused, the Company designates its farm aid technicians to provide an information campaign to educate farmers on how to combat pestilence through proper farming practices as well as the introduction and proper utilization of modern farming technology.</p>	<p>To manage the effects of natural calamities and pestilence on the demand for company's products.</p>
<p>Exposure to Liquidity Risk</p>	<p>The Company addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary. The Company likewise regularly evaluates other financing instruments to broaden the Company's range of financing</p>	<p>The Company to meet its financial obligations and daily cash flow requirement.</p>

	sources.	
Credit Risk	In order to minimize exposure to this risk, the receivable balances are monitored on an ongoing basis with the result that the Company's exposure to impairment is not significant. The Company deals only with creditworthy counterparty duly approved by the Board of Directors.	To ensure meeting of obligations and eliminate financial losses

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Same as with the company		

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
<p>While there is a risk that the exercise of the controlling shareholders' voting power may be restrictive or authorizing preferences in their favor, the Board in its commitment to practice good governance, is committed to respect the rights of the shareholders as provided for in the Corporation Code. These include the <i>right to vote on all matters that require their consent or approval</i>, such that a director shall not be removed without cause if it will deny minority shareholders representation in the Board.</p> <p>Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.</p>

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
The Company's business may be affected by any program developed or supported by the Department of Agriculture of the Philippines.	The Company updates itself regularly with the Department of Agriculture's policies or programs developed for the agricultural product industry.	Company to react quickly to government programs relating to agricultural products. It also enables the Company to plan ahead to meet the Department of Agriculture's ongoing or future policies or programs.

<p>The Company's business and operations may be affected by any changes in the preferences or purchasing power of consumers.</p>	<p>The Company, through its comprehensive line of products, provides options and alternatives to its customers, which may attract a loyal following from certain niche markets. Furthermore, the Company participates in the subsidies provided by the national government and passes the savings on to its customers and consumers.</p>	<p>For the company to adapt to changes in demographic, social or health proclivity may alter the demand for the Company's products.</p>
<p>The Company may not efficiently execute its strategy to increase sales volume due to the traditional mindset of the Filipino farmer.</p> <p>Farmers who are used to traditional methods of agriculture may not be susceptible to the innovations the Company's products may bring.</p>	<p>The Company employs innovative marketing and sales activities in order to encourage the use and loyalty of customers. The Company provides information campaigns in the form of trainings and seminars. In addition, the Company provides initiatives such as promos, sampling, and booting. To ensure its continuous growth and strength in sales, the Company intends to hire additional manpower for its sales and marketing team.</p>	<p>The Company intends to grow its sales through expansion of related business activities, additional tie-ups, and aggressive marketing strategies.</p>
<p>Risk of Natural Calamities and Effects of Pestilence</p>	<p>The Company, in partnership with its key suppliers, would distribute new products manufactured through the use of modern technology to withstand if not totally resist the devastating effects forces of nature bring. The Company likewise distributes other agricultural products which are unaffected by natural calamities such as animal feeds for poultry, hogs and ducks.</p> <p>Lastly, to mitigate the effects of pestilence, apart from the distribution of superior quality agricultural products which can help in strengthening the immunity of plants to any damage caused, the Company designates its farm aid technicians to provide an information campaign to educate farmers on how to combat pestilence through proper farming practices as well as the introduction and proper utilization of modern farming technology.</p>	<p>To manage the effects of natural calamities and pestilence on the demand for company's products.</p>



Exposure to Liquidity Risk	The Company addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary. The Company likewise regularly evaluates other financing instruments to broaden the Company's range of financing sources.	The Company to meet its financial obligations and daily cash flow requirement.
Credit Risk	In order to minimize exposure to this risk, the receivable balances are monitored on an ongoing basis with the result that the Company's exposure to impairment is not significant. The Company deals only with creditworthy counterparty duly approved by the Board of Directors.	To ensure meeting of obligations and eliminate financial losses

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as with the company		

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	The Committee to provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities (SEC Memo Circular No. 4 Series of 2012)	Mainly responsible for recommending the appointment of external auditors whose report they review; monitor the system of internal controls and corporate compliance with laws, regulations and code of ethics; serve as a direct channel of communications to the Board for the internal auditor, compliance officer and the general counsel.

**G. INTERNAL AUDIT AND CONTROL**

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The company adapts the Institute of Internal Auditor’s definition of Internal Control Internal Control to wit: “...Actions taken by management and the board to ensure that business goals, objectives and plans will be achieved.”

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

None

(c) Period covered by the review;

2012

(d) How often internal controls are reviewed and the directors’ criteria for assessing the effectiveness of the internal control system; and

The Board has informal discussions on the risk management system as often as needed.

(e) Where no review was conducted during the year, an explanation why not.

Considering that the Company became a publicly listed company only on May 2012, the Board intends to make the full and formal review of the risk management at the end of year 2013.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
<ul style="list-style-type: none"> <li>Provide independent, assurance and consulting services</li> <li>Evaluate the effectiveness of corporate governance, risk management, and internal control</li> </ul>	<ul style="list-style-type: none"> <li>The Internal Audit function was given full and complete access to any Company’s records, physical properties and personnel.</li> <li>Details of the scope of IA can be found on approved Internal Audit Plan submitted and approved by the Audit Committee.</li> </ul>	In-house	Caesar Len C. Ballesteros Jr.	<i>Functional</i> reporting to the Audit Committee and <i>Administrative</i> reporting to Chief Financial Officer

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

**YES.** The Company’s Internal Audit Charter mandates that the Audit Committee must approve the hiring and firing of the Internal Auditor.

- (c) Discuss the internal auditor’s reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?
- The Internal Auditor Functionally reports to the Audit Committee.
  - The Internal Auditor has direct access to the board and the Audit Committee.
  - The Company’s Internal Audit Charter gives the Internal Auditor full and complete access to records, properties and personnel.

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
<b>No resignation / re-assignment</b>	

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit’s progress against plans, significant issues, significant findings and examination trends.

<b>Progress Against Plans</b>	<b>40% completed</b>
<b>Issues<sup>6</sup></b>	No critical issues noted
<b>Findings<sup>7</sup></b>	No critical findings noted
<b>Examination Trends</b>	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

- (f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

Policies & Procedures	Implementation
Vision and Mission of Internal Audit	Implemented
Internal Audit Charter	Implemented
Code of Ethics (Adapts the Institute of Internal Auditor’s Code of Ethics)	Implemented

<sup>6</sup> “Issues” are compliance matters that arise from adopting different interpretations.

<sup>7</sup> “Findings” are those with concrete basis under the company’s policies and rules.

Audit Standards, Guiding Principles and Practice Advisories (Adapts the IIA's International Standards for the Professional Practice of Internal Audit)	Implemented
Internal Audit Manual	Implemented

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>Among the mechanisms that ensure independence of the Internal Audit Function includes:</p> <ul style="list-style-type: none"> <li>Approved Internal Audit Charter</li> <li>Functional Reporting to the Audit Committee</li> </ul> <p>Full and complete access to records, properties and personnel</p>	<p>There are no independence concerns involving financial analyst, investment banks and rating agencies as there are no material public information being disclosed ahead to any group other than what is disclosed publicly to the regulators within the prescribed time period for reporting.</p>		

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

For 2012, we issued our annual certification on compliance with the SEC's Code of Corporate Governance in accordance with the requirements of SEC Memorandum Circular 6, Series of 2009 and the same was signed by the Compliance Officer and duly noted by the President/CEO.

## H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	Improve customer and market knowledge	Provides hands-on demonstrations, technical advice, pre and post-sales support, training, and special promotions.
Supplier/contractor selection practice	To offer a comprehensive range of products, the Company deals with companies/suppliers carrying the leading and quality agricultural products	Suppliers undergo background investigation and bidding.
Environmentally friendly value-chain	To meet standards set by regulatory/accreditation authorities	The Company conducts activities aimed at preserving the environment such as but not

		limited to tree planting activities.
Community interaction	Involve local stakeholders whenever possible	The company provides information campaigns to local farmers in the form of trainings and seminars.
Anti-corruption programmes and procedures?	The company adopts a corrupt-free environment policy.	The company frowns upon corrupt practices.
Safeguarding creditors' rights	The Company establishes its credit standing by complying timely with its loan obligations.	The company manages its cash position to meet its obligations.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Considering that the Company became a publicly-listed company only on May 23, 2012, the Board intends to adopt a separate corporate responsibility section for 2013.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

It is the policy of the Company to provide and maintain safe and healthful working conditions in the work area. Employees may also report to the Human Resources Department or to their immediate superior any condition or practice which is unsafe so avoid the chances of work-related injury or accident.

(b) Show data relating to health, safety and welfare of its employees.

The Company is still in the process of formalizing its health and safety programs. However, as of date, there have been no reported work-related accidents or health concerns in the Company.

(c) State the company's training and development programmes for its employees. Show the data.

Depending on their work assignment and employee development plans, employees undergo orientation and training.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

Depending on the performance of the Company and also taking into consideration various qualitative performance parameters such as succession planning and corporate governance, the Board shall grant performance bonuses.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

When an employee reports any illegal and unethical behavior to the Human Resources Department, such statements are treated as confidential. The HRD will investigate the veracity of the report by conducting an independent investigation so that any action taken thereafter will be based on the findings of the investigation and not on the initial report. This way the anonymity of the person making the complaint will be assured.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

#### (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corp. (Filipino)	37,080,800	99.158	<b>PDTC Participants holding 5% or more:</b>  PCIB SECURITIES, INC. - 60.5006276% JAKA SECURITIES CORP. - 11.1706453% COL Financial Group, Inc. - 8.0583670%

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Joseph H. Calata		217,699,994 Indirect thru PCD Nominee (PCIB Securities, Inc.)	60.453%
<b>TOTAL</b>			

### 2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	The company is still in the process of formalizing its Dividend policy. However, please take note that for the past 3 years the company has declared cash dividends of P 47/ share or Forty Seven Million Pesos (Php47,000,000) in 2010 ; P 0.07/ share or Twenty Five Million Pesos (Php 25,000,000) in 2011; and P0.25/share or Ninety Million Twenty Eight Thousand Pesos (90,028,000) in 2013.
Details of whistle-blowing policy	The company is still in the process of formalizing its Whistle-blowing policy.
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	The company has submitted with the SEC a Certification on the number of board meetings held and the attendance of each director.
Attendance details of each director/commissioner in respect of meetings held	
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
BDO Alba Romeo	P 1,800,000	P 900,000.00

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

The company discloses all material information through disclosures and reports filed with the Philippine Stock Exchange and the SEC, all available in their respective websites.

5) Date of release of audited financial report:

The Board approved for the release of the Audited Financial Statements on March 15, 2013.

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	PSE Website
Notice of AGM and/or EGM	PSE Website
Company's constitution (company's by-laws, memorandum and articles of association)	SEC Website

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Avestha Holdings Corporation	Common Stockholder – Joseph H. Calata	Loans Receivable	120,000,000
Agri Phil Corporation	Subsidiary	Loans receivable	0
Calata Builders	Under Common Control	Loans receivable	6,821,592
Individuals	Shareholder	Loans receivable	34,745,737
Individuals	Shareholder	Advances from related parties	2,070,350

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

All related party transactions are fully disclosed to the Board of Directors and are ratified by the stockholder during the Annual Stockholders' Meeting.

**J. RIGHTS OF STOCKHOLDERS**

1) Right to participate effectively in and vote in Annual/Special Stockholders’ Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders’ Meeting as set forth in its By-laws.

<b>Quorum Required</b>	Art II Sec 5 Amended BL: Unless otherwise provided by law, in all regular or special meeting of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	For the ratification of the acts of the Board of Directors and Officers, the vote required is a majority of the outstanding common stock present in person or by proxy, provided constituting a quorum.
<b>Description</b>	The method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.

(c) Stockholders’ Rights

List any Stockholders’ Rights concerning Annual/Special Stockholders’ Meeting that differ from those laid down in the Corporation Code.

Stockholders’ Rights under The Corporation Code	Stockholders’ Rights <u>not</u> in The Corporation Code
None.	

Dividends

Declaration Date	Record Date	Payment Date
April 16, 2013	May 17, 2013	June 5, 2013

(d) Stockholders’ Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders’ Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders’ meetings.

Measures Adopted	Communication Procedure
<p>The Board should be transparent and fair in the conduct of the annual and special stockholders’ meetings of the corporation.</p> <p>Stockholders should be encouraged to personally attend subject meeting and if not possible, they should be apprised ahead of time of their right to appoint a proxy. Subject</p>	<ol style="list-style-type: none"> <li>1. Shareholders are provided through public records, communication media, and the Company’s website, the disclosures, announcements and reports filed with the SEC, PSE and other regulating agencies.</li> <li>2. Shareholders are allowed to inspect</li> </ol>



<p>to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.</p> <p>To promote stockholders participation in the Annual Stockholders' Meeting, the Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy.</p> <p>Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</p> <p>Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.</p>	<p>corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code.</p> <ol style="list-style-type: none"> <li>3. Shareholders, upon request, are provided with periodic reports which disclose personal and professional information about the directors, officers and certain other matters such as their shareholdings, dealings with the Company, relationships among directors and key officers, and the aggregate compensation of directors and officers.</li> <li>4. Stockholders are informed at least 15 business days before the scheduled date of the Annual Stockholders' Meeting. The Notice of Meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation.</li> <li>5. Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.</li> <li>6. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting.</li> </ol>
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2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution
  - b. Authorization of additional shares
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

Shareholders have the right to actively participate in the above corporate decisions (a,b,c) through shares held as each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. Shareholders have the right to elect, remove and replace directors and vote on certain corporate acts (which also includes the above corporate decision matters) in accordance with the Corporation Code.

Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

- a. Date of sending out notices: August 10, 2012
- b. Date of the Annual/Special Stockholders' Meeting: August 31, 2012
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

None.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Approval of the amendment of the Articles of Incorporation for the purpose of increasing the authorized capital stock	254,155,394	0	0
Approval of the waiver of the conduct of public offering	254,155,394	0	0
Approval of the issuance of a stock option plan	254,155,394	0	0
Ratification of the decisions of the Board of Direction and Management	254,155,394	0	0
Appointment of an external auditor for the calendar year 2012	254,155,394	0	0
Election of Directors	254,155,394	0	0

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

Since the meeting ended after the trading hours, disclosure was made via PSE's on-line reporting system (OdiSy) within the next trading day after the meeting- September 3, 2012.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
No modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year.	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Directors: 1. Joseph H. Calata 2. Benison Paul B. De Torres 3. Jaime C. Laya 4. Baltazar N. Endriga 5. Amb. Jose A. Zaide 6. Engr. George A. Nava	August 31, 2012	Show of hands	60.45	10.12	70.58

	Officer: 1. Atty. Jose Marie E. Fabella					
Special						

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes. At the actual meeting of the Stockholders, representatives from the stock and transfer agent, the Company's Corporate Secretary and the external auditor will tally and certify the final votes of shareholders present and by proxy. (Item 21. Voting Procedures Definitive Statement dated August 2012)

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes. Pursuant to Section 24 of the Corporation Code, the Company subscribes to one vote for one share policy. Voting shall always be on the basis of the number of shares and not on the number of stockholders present in the stockholders' meeting. The company has only one class of shares, common stock.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Under the By-Laws, stockholders who cannot attend the meeting but wish to send a representative are required to execute written proxies which must be in the hands of the Corporate Secretary before the time set for the meeting.
Notary	Proxies are not required to be notarized
Submission of Proxy	Amended BL Art II Sec 7 xx All proxies must be in the hands of the Secretary at least ten (10) days prior to the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting.
Several Proxies	No company policy
Validity of Proxy	Amended BL Art II Sec 7 xxx Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary
Proxies executed abroad	No company policy
Invalidated Proxy	No company policy
Validation of Proxy	The proxies shall be validated by a Committee of Inspectors. (Voting Procedures – Definitive Statement)
Violation of Proxy	No company policy

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
<p>Amended BL Art II Sec 4. Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery, or by mail, or by facsimile transmission to each stockholder of record at his last known post office address or facsimile number, or by publication in a newspaper of general circulation within such period as may from time to time required by law or regulation.</p>	<ol style="list-style-type: none"> <li>1. Personal Delivery of such Notice to a Stockholder shall be equivalent to mailing.</li> <li>2. Except as otherwise provided by law, no publication of notice of annual meeting of stockholders shall be required.</li> <li>2. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.</li> <li>3. Notice of meeting need not be given to any shareholder who signs a waiver of notice, in person or by proxy, whether before or after the meeting.</li> <li>5. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting to lack of notice of such meeting, shall constitute a waiver of notice by him.</li> <li>6. No notice shall be necessary for any adjourned meeting.</li> <li>7. The notice of stockholders' meeting shall also set the date, time and place of the validation of proxies which, in no case, shall be less than five (5) calendar days prior to the annual stockholders' meeting to be held. The presence of any stockholder who may wish to be present in person or through counsel shall be allowed.</li> <li>8. The printed copy of the Definitive Information Statement which includes the 'Notice of Annual Meeting of Stockholders', shall be sent to all stockholders of record at least fifteen (15) business days from the date of the stockholders' meeting. (Distribution is done through courier services.)</li> </ol>

(i) Definitive Information Statements and Management Report

<p><b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b></p>	<p>360,112,000</p>
<p><b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b></p>	<p>August 10, 2012</p>
<p><b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b></p>	<p>August 10, 2012</p>

<b>State whether CD format or hard copies were distributed</b>	Hard copies were distributed
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	All stockholders of record were provided with hard copies

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

## 2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

<b>Policies</b>	<b>Implementation</b>
<p>Calata Code of Corporate Governance Article 6</p> <p>A) The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:</p> <p>(i) Right to vote on all matters that require their consent or approval;</p> <p>(ii) Pre-emptive right to all stock issuances of the corporation;</p> <p>(iii) Right to inspect corporate books and records;</p> <p>(iv) Right to information;</p> <p>(v) Right to dividends; and</p> <p>(vi) Appraisal right.</p> <p>B) The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised</p>	<ol style="list-style-type: none"> <li>1. Shareholders are informed at least 15 business days before the scheduled date of the Annual Stockholders' Meeting. <b>Notice for the June 27, 2012 Annual Stockholders' Meeting was sent on June 01, 2012.</b></li> <li>2. Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholders meeting, including the Annual Stockholders' Meeting.</li> <li>3. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' meeting are set out in the Definitive Information Statement, which is sent to all stockholders of record at least 15 days before the date of meeting.</li> <li>4. Shareholders are provided through public records, communication media, and the Company's website, the disclosures, announcements and reports filed with the SEC, PSE,</li> </ol>

<p>ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.</p> <p>It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.</p> <p>The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</p> <p>Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.</p>	<p>and other regulating agencies.</p> <p>5. The Board of Directors are authorized to declare dividends out of the unrestricted retained earnings of the Company, which may be payable in cash, in property, or in stock to all stockholders.</p>
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

**K. INVESTORS RELATIONS PROGRAM**

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

There are no formal communication policies that are being carried out. However, the company disseminates all material information to its investors through timely disclosures in compliance with the Securities and Regulations Code.

The President/CEO and Chief Financial Officer (CFO) exercises oversight responsibility over this investor relations program.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

Details	
(1) Objectives	Timely disclosure of material information

(2) Principles	Enable investors to make appropriate investment decisions
(3) Modes of Communications	All disclosures including the company's stock performance, security information, company profile, chart and historical data are available in the PSE website.
(4) Investors Relations Officer	Atty. Jose Marie E. Fabella Corporate Information Officer

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The company adheres to the requirements set forth under Sections 40, 81 and 82 of the Corporation Code of the Philippines. To wit:

**SEC. 40. Sale or other disposition of assets.**- "... a corporation may, by a majority vote of its board of directors or trustees, sell, lease, exchange, mortgage, pledge or otherwise dispose of all or substantially all of its property and assets, including its goodwill, upon such terms and conditions and for such consideration, which may be money, stocks, bonds or other instruments for the payment of money or other property or consideration, as its board of directors or trustees may deem expedient,

when authorized by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock... in a stockholders' or members' meeting duly called for the purpose."

**SEC. 81. Instances of appraisal right.**- "Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case of amendment to the Articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code; and
3. In case of merger or consolidation."

**SEC. 82. How right is exercised.**- "The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares..."

(Emphasis supplied)

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

As of date, the Company does not have any transaction of this nature.

#### L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Relief Operation – September 27, 2012	Bataan
Tree planting – August 2, 2012	Bocaue

#### M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
<b>Board of Directors</b>	The performance of the Board and its individual members is being measured and monitored. Areas for improvement are discussed for action during the Board/Committee meetings. (17A)	Board performance metrics include among others the individual director's attendance at Board and Committee meetings, availability of minutes, open/closed action items, etc
<b>Board Committees</b>	Audit Committee conducts annual performance evaluation in compliance with the SEC requirement per SEC Memo Circular No. 4, Series of 2012.	Guidelines for the Assessment of the Performance of Audit Committee of Companies Listed on the Exchange.
<b>Individual Directors</b>	The formal evaluation process is still being finalized	
<b>CEO/President</b>	The Nomination and Compensation Committee conducts a performance evaluation of the CEO/President	

#### N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First Violation of any of the provisions of the Manual	Reprimand
Second Violation of any of the provisions of the Manual	Suspension from office
Third Violation of any of the provisions of the Manual	Removal



Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_, 20\_\_.

**SIGNATURES**

MR. JOSEPH H. CALATA  
**Chairman of the Board/ Chief Executive Officer**

ATTY. FERDINAND Q. PEREZ  
**Independent Director**

FR. CONRADO C. ZABLAN  
**Independent Director**

ATTY. JOSE MARIE E. FABELLA  
**Compliance Officer**

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2013 , affiant(s) exhibiting to me their Taxpayer Identifications, as follows:

<b>NAME</b>	<b>TIN NO.</b>	<b>ISSUED BY</b>
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MR. JOSEPH H. CALATA	916-889-332	BUREAU OF INTERNAL REVENUE
ATTY. FERDINAND Q. PEREZ	211-332-392	BUREAU OF INTERNAL REVENUE
FR. CONRADO C. ZABLAN	237-550-654	BUREAU OF INTERNAL REVENUE
ATTY. JOSE MARIE E. FABELLA	192-031-375	BUREAU OF INTERNAL REVENUE

Doc No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2013.